

AO 91 (Rev. 02/09) Criminal Complaint

UNITED STATES DISTRICT COURT

for the  
Western District of Arkansas  
Fort Smith Division

US DISTRICT COURT  
WESTERN DIST ARKANSAS  
FILED

FEB 17 2016

DOUGLAS F. YOUNG, Clerk  
By Deputy Clerk

United States of America )

v. )

SAMUEL BOWRON PHILLIPS )  
Defendant )

Case No. 2:16-mj-2004-001

**CRIMINAL COMPLAINT**

I, Gary D. Ebbing, a Special Agent with the Federal Bureau of Investigation, the Complainant in this case, state the following is true to the best of my knowledge and belief and that this Criminal Complaint is based on these facts:

**INTRODUCTION**

1. On July 27, 1999, **SAMUEL BOWRON PHILLIPS** was issued an Arkansas Resident Producer License, National Producer Number 7472368, which allowed him to sell insurance and annuity policies in the State of Arkansas for such companies as Allianz, American General Life Insurance Company ("AIG"), Equitrust and North American Company for Life and Health Insurance. His producer's license was suspended by an Emergency Suspension Order issued by the Arkansas Insurance Commissioner on December 7, 2015.

2. **SAMUEL BOWRON PHILLIPS** conducted insurance and investment transactions from his residence at XXXX Meandering Court in Fort Smith, Arkansas, which is within the Western District of Arkansas, Fort Smith Division.

3. **SAMUEL BOWRON PHILLIPS** gave financial advice and recommendations on investment opportunities to customers who trusted him with their savings and retirement accounts.

4. Arvest Bank is a federally insured financial institution whose transactions affect interstate commerce.

5. AOL is an internet service provider located outside the state of Arkansas. Emails sent using an AOL email account are wire communications transmitted in interstate commerce. At all times pertinent to the conduct charged in this Criminal Complaint, **SAMUEL BOWRON PHILLIPS** used [bowrone@aol.com](mailto:bowrone@aol.com) to send and receive emails.

#### **THE SCHEME TO DEFRAUD**

6. Beginning in or about 2013 and continuing through and including at least November 2015, **SAMUEL BOWRON PHILLIPS** devised and executed a scheme to defraud his customers by withdrawing funds from their annuity and insurance policies without their knowledge and consent, and used the money for his personal benefit and gain (“the scheme to defraud”).

7. In furtherance of the scheme to defraud, **SAMUEL BOWRON PHILLIPS** created two entities, Stevens Financial Asset Management LLC (“Stevens Financial”) and Paradigm Financial Partners LLC (“Paradigm Financial Partners”).

8. In furtherance of the scheme to defraud, **SAMUEL BOWRON PHILLIPS** opened checking accounts ending in 7358 (the Stevens Financial account) and 2313 (the Paradigm Financial Partners account) at Arvest Bank in 2013.

9. In furtherance of the scheme to defraud, **SAMUEL BOWRON PHILLIPS** deposited customers' money obtained through fraud and deceit into Arvest Bank checking accounts ending in 7358 and 2313. Only **SAMUEL BOWRON PHILLIPS** had signatory authority for Arvest Bank accounts ending in 7358 and 2313.

10. In furtherance of the scheme to defraud, **SAMUEL BOWRON PHILLIPS** submitted an application to receive mail for Stevens Financial Asset Management at the Fort Smith Post Office on South 74<sup>th</sup> Street in Fort Smith, Arkansas. Post Office Box 10412, Fort Smith, Arkansas 72917 was assigned to him on or about February 21, 2013.

11. In furtherance of the scheme to defraud, **SAMUEL BOWRON PHILLIPS** submitted an application to receive mail for Paradigm Financial Partners at the Barling Post Office in Barling, Arkansas. Post Office Box 23082, Barling, Arkansas 72923 was assigned to him on or about July 8, 2013.

12. In furtherance of the scheme to defraud, **SAMUEL BOWRON PHILLIPS** routinely lulled many of his customers who inquired about their accounts by sending them text messages and emails stating he was unable to respond for various reasons, such as he was out of town, was ill, or had been in an automobile accident.

13. Beginning in or about 2013 and continuing through and including at least November 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS** unlawfully and knowingly devised and intended to devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises, and used and caused to be used the United States Postal Service to send and deliver mail containing checks with funds withdrawn from his customers' accounts without their knowledge and consent.

14. Beginning in or about 2013 and continuing through and including at least November 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS** unlawfully and knowingly devised and intended to devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises, and used and caused to be used interstate wire communications such as emails, text messages, facsimile transmissions and telephone calls to communicate with his customers and out-of-state insurance companies where his customers' accounts were located.

15. In connection with the scheme to defraud, **SAMUEL BOWRON PHILLIPS** withdrew more than \$1.3 million from the accounts of customers without their knowledge and consent, and spent the majority of that money for his personal use and benefit.

**COUNT ONE**  
**Mail Fraud**

16. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

17. On or about January 25, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 0011824077 in the amount of \$142,177.17 made payable to Paradigm Financial Partners for the benefit of M. E. Mc. ILIT and mailed by American General Life Insurance Company to Paradigm Financial Partners at Post Office Box 23082, Barling, AR 72923; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT TWO**  
**Mail Fraud**

18. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

19. On or about February 6, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 0011827250 in the amount of \$101,022.33 made payable to Paradigm Financial Partners for the benefit of M. L. Mc. IRREV LIFE INS TRUST, and mailed by American General Life Insurance Company to Paradigm Financial Partners at XXXX Meandering Court, Fort Smith, AR 72903; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT THREE**  
**Mail Fraud**

20. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

21. On or about May 2, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 1600602066 in the amount of \$64,999.99 made payable to Stevens Financial for the

benefit of R.J.F. and mailed by North American Company for Life and Health to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT FOUR**  
**Mail Fraud**

22. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

23. On or about or about May 6, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 1600602790 in the amount of \$13,824.56 made payable to Stevens Financial for the benefit of T.S.J. and mailed by North American Company for Life and Health to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT FIVE**  
**Mail Fraud**

24. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

25. On or about May 30, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the

United States Postal Service, according to the direction thereon, an envelope containing check number 1000055301 in the amount of \$30,394.43 made payable to Paradigm Financial Partners LLC and mailed by Equitrust Life Insurance Company to Paradigm Financial Partners LLC at Post Office Box 23082, Barling, AR 72923; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT SIX**  
**Mail Fraud**

26. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

27. On or about June 10, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 1600608079 in the amount of \$40,344.50 made payable to Stevens Financial for the benefit of L.W.J. and mailed by North American Company for Life and Health to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT SEVEN**  
**Mail Fraud**

28. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

29. On or about August 13, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to

devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 1000059790 in the amount of \$24,532.19 made payable to Paradigm Financial Partners LLC and mailed by Equitrust Life Insurance Company to Paradigm Financial Partners LLC at Post Office Box 23082, Barling, AR 72923; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT EIGHT**  
**Mail Fraud**

30. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

31. On or about April 2, 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, SAMUEL BOWRON PHILLIPS, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 0009728817 in the amount of \$25,375.55 made payable to Stevens Financial for the benefit of L.R.J. and mailed by Allianz Insurance Company to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT NINE**  
**Mail Fraud**

32. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.



33. On or about April 17, 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, SAMUEL BOWRON PHILLIPS, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 1600660388 in the amount of \$31,627.23 made payable to Stevens Financial for the benefit of B.W. and mailed by North American Company for Life and Health Insurance to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT TEN**  
**Mail Fraud**

34. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

35. On or about June 12, 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 8063541 in the amount of \$70,000.00 made payable to Stevens Financial for the benefit of R.E.S. and mailed by Allianz Insurance Company to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT ELEVEN**

**Mail Fraud**

36. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

37. On or about June 17, 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, knowingly caused to be delivered by the United States Postal Service, according to the direction thereon, an envelope containing check number 8067928 in the amount of \$16,355.78 made payable to Stevens Financial for the benefit of P.M.S. and mailed by Allianz Insurance Company to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917; all in violation of Title 18, United States Code, Sections 1341 and 2.

**COUNT TWELVE**

**Wire Fraud**

38. Paragraphs 1 through and including 15 are re-alleged here as if fully set forth in their entirety.

39. On or about January 21, 2014, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, transmitted and caused to be transmitted an interstate wire communication by means of interstate commerce any writings, signs, signals, pictures and sounds for the purpose of executing such scheme and artifice; namely, a facsimile sent from PFP Life Inc. at (479) 6XX-8964 to American General Life in Texas at (713) XXX-

6653 that was an Authorization to Transfer Funds owned by the M.E.M. Irrevocable Life Insurance Trust dated September 10, 2010 to Paradigm Financial Partners, with instructions stating; "If any questions, please call me at (479) 8XX-9752 or the policy agent, Mr. Phillips at (479) 4XX-4658;" all in violation of Title 18, United States Code, Sections 1343 and 2.

**COUNT THIRTEEN**  
**Money Laundering**

40. Paragraphs 1 through and including 35 are re-alleged here as if fully set forth in their entirety.

41. On or about April 7, 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, knowingly engaged and attempted to engage in a monetary transaction in criminally derived property of a value greater than \$10,000 and was derived from specified unlawful activity; that is, mail fraud in violation of Title 18, United States Code, Section 1341, by depositing funds in and affecting interstate commerce with a financial institution whose activities affect interstate commerce; namely, \$25,375.55 deposited into Arvest Bank account ending in 7358 in the name of S. Bowron Phillips, doing business as Stevens Financial; all in violation of Title 18, United States Code, Sections 1957 (a) and (d).

**COUNT FOURTEEN**  
**Money Laundering**

42. Paragraphs 1 through and including 35 are re-alleged here as if fully set forth in their entirety.

43. On or about June 11, 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, knowingly engaged and attempted to engage in a monetary transaction in criminally derived property of a value greater than

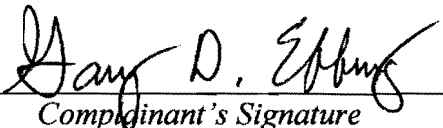
\$10,000 and was derived from specified unlawful activity; that is, mail fraud in violation of Title 18, United States Code, Section 1341, by transferring funds in and affecting interstate commerce from a financial institution whose activities affect interstate commerce; namely, \$11,787.50 transferred from Arvest Bank account ending in 7358 in the name of S. Bowron Phillips, doing business as Stevens Financial, to the Cherokee Casino in Roland, Oklahoma; all in violation of Title 18, United States Code, Sections 1957 (a) and (d).

**COUNT FIFTEEN**  
**Money Laundering**

44. Paragraphs 1 through and including 35 are re-alleged here as if fully set forth in their entirety.

45. On or about July 2, 2015, in the Western District of Arkansas, Fort Smith Division and elsewhere, **SAMUEL BOWRON PHILLIPS**, the Defendant, knowingly engaged and attempted to engage in a monetary transaction in criminally derived property of a value greater than \$10,000 and was derived from specified unlawful activity; that is, mail fraud in violation of Title 18, United States Code, Section 1341, by transferring funds in and affecting interstate commerce to a financial institution whose activities affect interstate commerce; namely, \$11,000 transferred to Arvest Bank account ending in 2313 in the name of S. Bowron Phillips, doing business as Paradigm Financial Partners; all in violation of Title 18, United States Code, Sections 1957 (a) and (d).

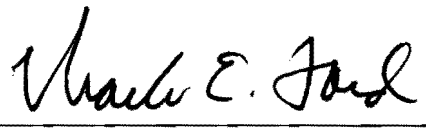
This Criminal Complaint is based on facts set forth in an accompanying Affidavit submitted by Complainant Gary D. Ebbing.

  
Complainant's Signature  
Gary D. Ebbing, Special Agent, FBI

Sworn to before me and signed in my presence:

Date: 2/17/16

City and State: Fort Smith, Arkansas

  
Judge's Signature  
Mark E. Ford, U.S. Magistrate Judge

**AFFIDAVIT IN SUPPORT OF COMPLAINT**

I, Gary D. Ebbing, a Special Agent of the Federal Bureau of Investigation (FBI), Little Rock, Arkansas, Fayetteville Resident Agency, being duly sworn, state that the following is true and correct based upon my personal knowledge, investigation, and belief:

**INTRODUCTION**

1. I am currently employed as a Special Agent with the Federal Bureau of Investigation ("FBI") and have been so employed since January 1990. I am assigned to the FBI Little Rock Division, Fayetteville Resident Agency. As a Special Agent with the FBI, I have investigated financial crimes prohibited by the mail, wire and bank fraud statutes, set forth in Title 18, United States Code, Sections 1341, 1343 and 1344, and have participated in many federal investigations involving money laundering, in violation of Title 18, United States Code, Section 1957 (a) and (d). I am a 1982 graduate of the University of Arkansas at Fayetteville where I received a Bachelor of Science in Business degree.
2. This Affidavit is being submitted based on information from my own investigative efforts as well as information obtained from other federal and state law enforcement agents who have assisted in this investigation and/or have personal knowledge of the facts herein. This Affidavit does not contain each and every fact known to me in this investigation, and does not describe each and every transaction that constitutes one or more schemes to defraud the customers of Samuel Bowron Phillips.
3. Samuel Bowron Phillips is a resident of Fort Smith, Arkansas. According to the Arkansas Insurance Department, Samuel Bowron Phillips' listed XXXX Meandering Court, Fort Smith, AR 72903, as his address of record for his business and residence. I

have learned from the Arkansas Insurance Department that Samuel Bowron Phillips held Arkansas Resident Producer License, National Producer License 7472368, from 1999 until December 7, 2015, when his producer license was suspended by an Emergency Suspension Order issued by Allen Kerr, Insurance Commissioner for the State of Arkansas. A copy of the Emergency Suspension Order is attached to this Affidavit as Exhibit A.

#### **THE INVESTIGATION**

4. I was assigned this investigation in December 2015 based upon a report that Allianz Life Insurance Company of North America ("Allianz") had questioned transactions involving Stevens Financial Asset Management, LLC ("Stevens Financial"), an entity that had submitted withdrawal requests in 2015 totaling \$323,480.00 for three Allianz policyholders in the Fort Smith, Arkansas, area.
5. Allianz discovered that the fax number on withdrawal requests submitted by Stevens Financial was a fax number associated with Samuel Bowron Phillips, the agent of record on the policies. Allianz reported that Stevens Financial had instructed Allianz to send the withdrawals to a post office box in Fort Smith, Arkansas; namely, Post Office Box 10412, Fort Smith, Arkansas 72917.
6. The United States Postal Inspection Service located records that indicated on February 21, 2013, Samuel Bowron Phillips opened Post Office Box 10412 in Fort Smith, Arkansas 72917, for Stevens Financial Asset Management. Postal Inspector Mickey Schuetzle obtained the application for Post Office Box 10412, Fort Smith, Arkansas, 72917 and discovered the applicant provided two forms of identification: a photo identification bearing Arkansas Driver's License number 92XXX2728 and a non-photo

identification of an Arkansas concealed handgun permit number ending in 2503. The applicant provided an address of XXXX Meandering Court, Fort Smith, Arkansas 72903, telephone number (479) 4XX-4658, and email address bowrone@aol.com. Stevens Financial Asset Management was the name listed as the business that would be receiving mail at the post office box. The name Samuel Bowron Phillips was listed as the sole authorized person to receive mail at this post office box. Post Office Box 10412, Fort Smith, AR 72917 is located within the Western District of Arkansas, Fort Smith Division.

7. I researched public records and found that Samuel Bowron Phillips resides at XXXX Meandering Court in Fort Smith, AR 72903. This is the address that appears on the application for Post Office Box 10412, Fort Smith, AR 72917. It is the same address on file with the Arkansas Insurance Department that lists Samuel Bowron Phillips' address of record for his residence, business, and official mailing address. Arkansas Insurance Department records also indicate bowrone@aol.com is the email address of record for his home and business. I also know from records searches that Samuel Bowron Phillips' current Arkansas Driver's License number is the same number on the Arkansas Driver's License that was used as the photo identification presented to post office personnel in order to obtain Post Office Box 10412, Fort Smith, AR 72917. I am further aware through my review of email communications between Samuel Bowron Phillips and a victim in this investigation that he uses an email address of bowrone@aol.com, which is the email address listed on the post office box application and is his email address of record on file with the Arkansas Insurance Department. I am further aware through copies of communications provided to me by victims and documents I have reviewed that Samuel Bowron Phillips' phone number is the same as that listed on the application for



Post Office Box 10412, Fort Smith, AR 72917.

8. Arkansas Department of Insurance Criminal Investigator Sammy Green obtained copies of six checks that Allianz mailed to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917 in 2015. After reviewing those checks and corresponding bank records, I learned that:

- a. Allianz check number 0009728817 in the amount of \$25,375.55, made payable to Stevens Financial, FBO "L.R.J.," was mailed by Allianz on or about April 2, 2015 to Stevens Financial, FBO "L.R.J." at P. O. Box 10412, Fort Smith, AR 72917. This check was deposited on or about April 7, 2015 into Arvest Bank account ending in 7358.
- b. Allianz check number 0009728819 in the amount of \$11,984.34, made payable to Stevens Financial, FBO "L.R.J.," was mailed by Allianz on or about April 2, 2015 to Stevens Financial, FBO "L.J.R." at P. O. Box 10412, Fort Smith, AR 72917. This check was deposited on or about April 7, 2015 into Arvest Bank account ending in 7358.
- c. Allianz check number 8063541 in the amount of \$70,000.00, made payable to Stevens Financial, FBO "R.E.S.," was mailed by Allianz on or about June 12, 2015 to Stevens Financial, FBO "R.E.S." at P. O. Box 10412, Fort Smith, AR 72917. This check was deposited on or about June 16, 2015 into Arvest Bank account ending in 7358.
- d. Allianz check number 8063540 in the amount of \$70,000.00, made payable to Stevens Financial, FBO "P.M.S.," was mailed by Allianz on or about June 12, 2015 to Stevens Financial, FBO "P.M.S." at P. O. Box 10412, Fort Smith, AR

72917. This check was deposited on or about June 16, 2015 into Arvest Bank account ending in 7358.

e. Allianz check number 8067928 in the amount of \$16,355.78, made payable to Stevens Financial, FBO "P.M.S." was mailed by Allianz on or about June 17, 2015 to Stevens Financial, FBO "P.M.S." at P. O. Box 10412, Fort Smith, AR 72917. This check was deposited on or about June 24, 2015 into Arvest Bank account ending in 7358.

f. Allianz check number 8067929 in the amount of \$16,392.29, made payable to Stevens Financial, FBO "R.E.S.," was mailed by Allianz on or about June 17, 2015 to Stevens Financial, FBO "R.E.S." at P. O. Box 10412, Fort Smith, AR 72917. This check was deposited on or about June 24, 2015 into Arvest Bank account ending in 7358.

9. I am aware through my work as a financial crimes investigator that Arvest Bank is a federally insured financial institution whose activities affect interstate commerce. I have reviewed records that reveal the checking account ending in 7358 at Arvest Bank was opened by S. Bowron Phillips on February 19, 2013. According to Arvest Bank records, S. Bowron Phillips presented two forms of identification when he opened the checking account ending in 7358. The identification presented to Arvest Bank included a social security identification card in the name of Samuel Bowron Phillips with social security number ending in 5383, and an Arkansas Driver's License number ending in 2728. I have done a records check with the State of Arkansas and verified that Arkansas Driver's License number ending in 2728 is now and was then assigned to Samuel Bowron Phillips. This is also the same Arkansas Driver's License number that appears on the

application for Post Office Box 10412 at the Fort Smith Post Office. I have also learned that social security number ending in 5383 that was used to open Arvest Bank checking account ending in 7358 is the social security number assigned by the Social Security Administration to Samuel Bowron Phillips.

10. Investigator Green obtained surveillance videos from Arvest Bank for the dates that the six checks issued by Allianz, referenced in paragraph 8 above, were deposited into Arvest Bank ending in 7358. I observed an individual who appears to be Samuel Bowron Phillips on surveillance videos conducting the deposit transactions on the dates that the six checks issued by Allianz were deposited into Arvest Bank account ending in 7358. The individual depicted in the Arvest surveillance videos matches the photograph of Samuel Bowron Phillips that is on file with the Arkansas Department of Finance and Administration.
11. Policyholders identified by their initials in this Affidavit as L.R.J., R.E.S., and P.M.S. were interviewed about the transactions in their Allianz accounts. They were asked if they had received the funds withdrawn from their Allianz policies. None received the funds that had been withdrawn from Allianz by Stevens Financial. They told investigators that until they were contacted by law enforcement officers conducting this investigation, they were totally unaware that their money had been taken from their Allianz accounts. Arvest Bank records confirm that all six Allianz checks described in paragraph 8 of this Affidavit were deposited into Arvest bank account ending in 7358. Samuel Bowron Phillips is the sole individual with signature authority for Arvest Bank account ending in 7358.

**Victims R.E.S. and P.M.S.**

12. On January 7, 2016, Investigator Green conducted an audiotaped interview of P.M.S. at her home in Fort Smith. Prior to Investigator Green contacting P.M.S. on January 7, 2016, P.M.S. had no knowledge that Allianz check number 8063540 in the amount of \$70,000.00, made payable to Stevens Financial for her benefit, had been deposited on June 16, 2015 into Samuel Bowron Phillips' account at Arvest Bank ending in 7358.
13. P.M.S. told Investigator Green during the audiotaped interview that she had been contacted on the telephone by an Allianz representative in the summer of 2015. P.M.S. stated the Allianz representative "called me and [was] questioning what we were doing with our annuities" with Samuel Bowron Phillips. P.M.S. stated she told the Allianz representative that "I felt like we trusted Mr. Phillips and that we were going to continue doing as we were doing, not realizing that there was anything really amiss, we just, Bowron told us that um... they [Allianz] were questioning it because Allianz didn't want to let go of our money. And, you know, unfortunately, we took that as face value. And as the fall came, and I would be asking him [Samuel Bowron Phillips] for where's our binder with all our information, um, I wasn't getting any information back and I would ask him, you know, over a period of several months, and he would promise me that it was coming, and it didn't. But I received November 24 [2015], I believe is the day, an email back from him, saying that he wasn't able to talk about insurance to any of his clients, answer any questions, do any transactions, because he was having problems with his license. And I responded that I was very concerned about our money because I still hadn't received the paperwork and that we had trusted him . . . ."

14. P.M.S. stated to Investigator Green that she had told Samuel Bowron Phillips that “with our age, we were just looking to make a little bit more money on our money that we had worked very hard for.” P.M.S. stated their money in Allianz “was for retirement only.”
15. Investigator Green showed P.M.S. Allianz check numbers 8063540, 8063541, 8067928, and 8067929, which are four checks representing funds withdrawn from Allianz policies and deposited into Arvest Bank account ending in 7358. P.M.S. reviewed those checks and stated neither she nor her husband, R.E.S., gave Samuel Bowron Phillips permission to take money from their Allianz accounts and put it into his bank account. The amount of money P.M.S. and R.E.S. had in their Allianz accounts that was deposited into Arvest Bank account ending in 7358 is \$172,748.07. In addition, I identified a check in financial records that indicates North American Company for Life and Health issued a check to Stevens Financial in the amount of \$69,673.09 and mailed that check to Post Office Box 10412, Fort Smith, AR 72917. This \$69,673.09 check from North American Company for Life and Health represents funds belonging to R.E.S. and P.M.S., and was deposited into Arvest account ending in 7358. Therefore, funds totaling \$242,421.16 that belonged to R.E.S. and P.M.S. were taken without their knowledge and deposited into the Arvest Bank account ending in 7358.
16. Based on financial records I have reviewed and the recorded interview I have listened to of P.M.S., I have probable cause to believe that Samuel Bowron Phillips caused the United States Postal Service to deliver envelopes in June 2015 addressed to Stevens Financial at Post Office Box 10412, Fort Smith, AR 72917, in the Western District of Arkansas, Fort Smith Division, that contained checks from Allianz with funds belonging to R.E.S. and P.M.S. in order to execute his scheme to defraud and obtain money

belonging to R.E.S. and P.M.S. Specifically, I have probable cause to believe that Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Counts Ten and Eleven of the Criminal Complaint.

**Victims M.L.M. and M.E.R. (formerly M.E.M.)**

17. On January 19, 2016, I interviewed M.L.M. and M.E.R. at their place of business in Rudy, Arkansas. At the time the life insurance policies at issue in this investigation were written, M.E.R. was known as M.E.M. Due to a divorce and remarriage subsequent to the purchase of the life insurance policies, M.E.M. is now known as M.E.R.
18. I called M.E.R. on January 19, 2016 to schedule an interview. When I contacted M.E.R. on January 19, 2016 to make an appointment, M.E.R. and M.L.M. had no knowledge their American General Life Insurance Company ("AIG") policies had been surrendered. They stated they never gave Samuel Bowron Phillips or any other person permission to surrender their policies. They stated they never signed any documents requesting the surrender of their policies, and they never received notice from American General Life Insurance Company that their policies had been surrendered.
19. M.L.M. and M.E.R. stated during their interview on January 19, 2016 that they had trusted Samuel Bowron Phillips to give them financial advice. M.E.R. stated that Samuel Bowron Phillips had recommended a particular lawyer in Fort Smith to prepare trust documents and Samuel Bowron Phillips accompanied them to the office of the Fort Smith attorney who drew up the trust documents. M.E.R. stated she and M.L.M. each bought a one million dollar life insurance policy from Samuel Bowron Phillips so their two sons would "receive an inheritance." According to M.E.R., Samuel Bowron Phillips recommended that M.E.R. and M.L.M. each purchase one million dollar life insurance

policies from American General Life Insurance Company with premiums paid up front. M.E.R. stated she paid \$181,292.00 for her one million dollar life insurance policy and M.L.M. paid \$141,653.54 for his one million dollar life insurance policy. M.E.R. stated she believed she and M.L.M. purchased these life insurance policies from Samuel Bowron Phillips in approximately June of 2010 and paid the premiums "up front."

20. Based on records obtained by Investigator Green from American General Life Company on January 26, 2016, an Authorization to Transfer Funds dated December 26, 2013 was submitted by facsimile to American General Life Insurance Company and purportedly signed by M.Mc. A Letter of Acceptance accompanied the Authorization to Transfer Funds that stated in pertinent part: "Paradigm Financial Partners will assume full responsibility as trustee for the funds... and it is the owner's intention that this payment shall not constitute actual receipt to them for income tax purposes based on the transaction type indicated...." Also submitted along with the Authorization to Transfer Funds and the Letter of Acceptance was a copy of Paradigm Financial Partners, LLC's filing with the Arkansas Secretary of State. That filing revealed that Paradigm Financial Partners, LLC's address of record was Post Office Box 23082, Barling, AR 72923 and its registered agent was Clint L. Martin whose address was listed as XXXX Old Greenwood Rd., Suite 1, Fort Smith, AR 72903. I have been unable to locate a person by the name of Clint L. Martin who was purportedly the registered agent for Paradigm Financial Partners, LLC. I have reason to suspect Clint L. Martin might be a fabricated persona because I cannot locate any such person associated with the address of record listed with the Arkansas Secretary of State for the registered agent of Paradigm Financial Partners, LLC. In addition, I am aware that the telephone number that appears by the name Clint



L. Martin on the document sent to American General Life Insurance Company is the phone number associated with Samuel Bowron Phillips' wife, as explained further in paragraph 22, below.

21. A handwritten letter of instruction was submitted to American General Life Insurance Company for the surrender of M.L.M.'s policy. That handwritten letter dated December 27, 2013 states in pertinent part:

"If any questions, please call me at (479) 8XX-9752 or the policy agent,

Mr. Phillips at (479) 4XX-4658. /s/ C. L. Martin"

22. I have learned that the phone number that purports to be the telephone number for "C. L. Martin" in the handwritten letter of instruction to American General Life Insurance Company is the telephone number associated with the wife of Samuel Bowron Phillips. The telephone number for "the policy agent, Mr. Phillips" that appears in the handwritten letter of instruction to American General Life Insurance Company is the true and correct telephone number associated with Samuel Bowron Phillips.

23. The file from American General Life Insurance Company contained a handwritten letter dated January 21, 2014 for the surrender of life insurance policy UM 0067111L belonging to M.E.M. (now M.E.R.). This handwritten letter of instruction states in pertinent part:

"If any questions, please call me at (479) 8XX-9752 or the policy agent,

Mr. Phillips at (479) 4XX-4658. /s/ C. L. Martin"

24. This handwritten letter bears facsimile information at the top of the page that shows this instruction letter was faxed on January 21, 2014 at 11:29 from PFP Life Inc. at 479-6XX-



8964 to 1-713-620-6653. I know that facsimiles are wire communications and that American General Life Insurance Company is located in Texas. The fax heading on the top of the handwritten letter of instruction shows it was faxed to (713) 620-6653, a telephone number I know to be associated with American General Life Insurance Company in Texas. Therefore, this facsimile was a wire communication transmitted in interstate commerce from the Western District of Arkansas to Texas as part of Samuel Bowron Phillips' scheme to defraud his customer, M.E.M., now known as M.E.R.

25. Based on the financial records and documents from American General Life Insurance Company I have reviewed and the interviews I conducted with the M.L.M. and M.E.R., I have probable cause to believe Samuel Bowron Phillips caused checks to be mailed through the United States Postal system and he used and caused to be used wire communications (a facsimile) to transmit information in interstate commerce from the Western District of Arkansas to Texas in order to execute his scheme to defraud M.L.M. and M.E.R. My review of financial records shows Samuel Bowron Phillips obtained more than \$243,000.00 from the surrendered life insurance policies at American General Life Insurance Company. Specifically, I have probable cause to believe that Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Count One of the Criminal Complaint, when he caused American General Life Insurance Company to mail a check payable to Paradigm Financial Partners, FBO (for the benefit of) M.E. Mc. ILIT to Post Office Box 23082, Barling, AR 72923. I have probable cause to believe that Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Count Two of the Criminal Complaint, when he caused American General Life

Insurance Company to mail a check payable to Paradigm Financial Partners, FBO (for the benefit of) M.L. Mc. IRREV to XXXX Meandering Court, Fort Smith, AR 72903. I have probable cause to believe that Samuel Bowron Phillips violated Title 18, United States Code, Sections 1343 and 2, the wire fraud statute, as set forth in Count Twelve of the Criminal Complaint, when he caused a wire communication to be sent in interstate commerce from the Western District of Arkansas, Fort Smith Division, to American General Life in Texas, in order to execute his scheme to defraud.

**Victims B.W. and M.W.**

26. Investigator Green met with B.W. at her residence in Fort Smith, Arkansas, on January 7, 2016. B.W. told Investigator Green that she had known and done business with Samuel Bowron Phillips' father for many years, and as a result of her transactions with the father, she trusted Samuel Bowron Phillips when he took over her account after the father retired from the insurance business. B.W. stated she believed Samuel Bowron Phillips operated his business from his residence in Fort Smith.
27. I was present January 13, 2016 when B.W. came to the United States Attorney's Office in Fort Smith to be interviewed. B.W. stated she and her husband had policies with North American Company for Life and Health Insurance that Samuel Bowron Phillips sold them. B.W. stated that until the day that Investigator Green contacted her (January 7, 2016), she was completely unaware that funds had been withdrawn from the North American Company policies without her and her husband's consent. B.W. stated she did not give Samuel Bowron Phillips authority to request a check be drawn on the account of North American Company for Life and Health Insurance in the amount of \$31,627.23 and made payable to Stevens Financial for her benefit. B.W. stated she had never heard

of Stevens Financial spelled S-T-E-V-E-N-S, although she stated she was very familiar with Stephens, Inc., which B.W. explained she knew to be a legitimate company based in Little Rock. B.W. stated that in addition to being unfamiliar with the name Stevens Financial, she had no idea Stevens Financial was an entity associated with Samuel Bowron Phillips.

28. On January 13, 2016, I reviewed records with B.W. pertaining to North American checks 1600660388 and 1600660389. B.W. stated Samuel Bowron Phillips did not give her \$31,627.23 that was the amount of check number 16006600388 dated April 17, 2015 and made payable to Stevens Financial for her benefit. B.W. stated Samuel Bowron Phillips did not give her husband, M.W., \$35,000.00 that was the amount of check number 1600660389 dated April 17, 2015 and made payable to Stevens Financial for her husband's benefit. She stated she and her husband never gave an entity known as Stevens Financial authority to cash out funds from their policies at North American Company.
29. B.W. stated during our interview that she was raising two grandchildren and funds in the policies were needed to help with the additional financial responsibilities she and her husband had taken on by raising two grandchildren. B.W. stated "we trusted Phillips and did not question what he suggested when we initially placed our money with him in 2011." She stated, "now we have no nest egg."
30. Based on financial records and documents provided by B.W., and the interview of B.W., I have probable cause to believe Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Count Nine of the Criminal Complaint, when he caused North American Company to mail check number

1600660388 in the amount of \$31,627.23 to Stevens Financial for the benefit of B.W. at Post Office Box 10412, Fort Smith, AR 72917, which is in the Western District of Arkansas, Fort Smith Division, in order to execute his scheme to defraud B.W.

**Victims W.B. and E.B.**

31. I was present on January 13, 2016, when W.B. and E.B. came to the United States Attorney's Office in Fort Smith to discuss transactions involving Samuel Bowron Phillips. The couple filed a complaint in 2015 with the Arkansas Insurance Department after discovering, through their own inquiries, that their annuities at Equitrust had been cashed out without their knowledge or permission. The Arkansas Insurance Department entered an Emergency Suspension Order of Samuel Bowron Phillips' Arkansas Resident Producer License, National Producer Number 7472368, after finding "Mr. Phillips, while acting as a producer, has misappropriated funds from several consumers. In 2014, Mr. Phillips moved approximately \$214,599.00 of [W.B. and E.B.'s] annuity money from four Equitrusts account [sic] to Paradigm Financial Partners, LLC, of Barling, Arkansas." (see Exhibit A, attached to this Affidavit).

32. W.B. and E.B. explained they had become suspicious about the money they had invested through Samuel Bowron Phillips over the summer and fall of 2015 for several reasons. Among those reasons was their difficulty in obtaining a statement regarding their accounts from "Bowron." E.B. provided investigators a copy of the following email sent on August 12, 2015 at 12:41 p.m. to [bowrone@aol.com](mailto:bowrone@aol.com):

"Bowron, is there away [sic] to get a statement on our accounts from the company. What we received is a letter from the agent but we have no records of our investments or an annual statement from Equitable Life. It is very

disconcerting that we don't have a statement. I want a statement of our accounts from July 18, 2104 and forward. Thank you"

33. Based on financial records I have reviewed, I know that at the time the email in paragraph 32, above, was sent to bowrone@aol.com, Samuel Bowron Phillips had already cashed out Equitrust policies belonging to W.B. and E.B. and that Samuel Bowron Phillips had deposited a total of four checks from Equitrust representing funds belonging to W.B. and E.B. into the Paradigm Financial Partners account at Arvest Bank that ended in 2313. Specifically, on June 6, 2014, a check from Equitrust made payable to Paradigm Financial Partners in the amount of \$30,394.43 and another in the amount of \$26,217.12 were deposited into Arvest Bank account ending in 2313. On August 13, 2014, a check from Equitrust made payable to Paradigm Financial Partners in the amount of \$24,532.19 and another in the amount of \$19,344.56 were deposited into Arvest Bank account ending in 2313.
34. Arvest Bank account ending in 2313 is held in the name of S. Bowron Phillips, doing business as Paradigm Financial Partners LLC. The Arvest Bank account ending in 2313 was opened August 9, 2013 by S. Bowron Phillips. The address provided to Arvest Bank when this account was opened for Paradigm Financial Partners LLC was Post Office Box 23082, Barling, AR 72923.
35. Postal Inspector Schuetzle obtained the application for Post Office Box 23082, Barling, AR 72923. I reviewed the application and discovered the applicant for this post office box was S. Bowron Phillips. The signature line at the bottom of the post office box application was signed "Samuel Bowron Phillips." Post Office records show this box was rented on July 8, 2013 by a person who provided two forms of identification. The

photo identification presented was Arkansas Driver's License number 92XXX2728 and the non-photo identification presented was a concealed handgun permit number ending in 2503. I know that both the Arkansas Driver's License number and the concealed handgun permit number are assigned to Samuel Bowron Phillips. The person making application for the post office box provided the address of XXXX Meandering Court, Fort Smith, Arkansas 72903, and listed telephone number (479) 4XX-4658, and email address bowrone@aol.com. I recognize this information to match the home address, telephone number, and email address associated with Samuel Bowron Phillips. The name of the business that was listed as the entity that would be receiving mail at this post office box was Paradigm Financial Partners. Two individuals were listed as authorized to receive mail at this box: Samuel Bowron Phillips and Clint L. Martin.

36. E.B. and W.B. both stated to me on January 13, 2016 that they had trusted "Bowron" because they knew his parents well and had been family friends for years. E.B. explained that when Samuel Bowron Phillips' father retired from the insurance business, "Bowron" took over the father's business and that is when they began dealing with "Bowron." E.B. stated that in 2012, "Bowron" came to their house in Fort Smith and told her and her husband that Allianz was going out of business and that he had a better company for them to put their investments in. The company he recommended was Equitrust. Based on the advice of "Bowron," E.B. and W.B. said they took their money from Allianz and purchased Equitrust policies sold them by "Bowron."

37. E.B. stated she and her husband became concerned in 2015 when they had difficulty getting "Bowron" to discuss their accounts with them. E.B. provided a copy of an email received on August 19, 2015 at 5:23 a.m. from bowrone@aol.com that stated he would

like to meet with them another time because “I had a horrible wreck not me driving and not my car, but a head-on wreck on 271 in front of the e-z mart there late this afternoon. . . im [sic] fine just really sore and groggy from the medicines...”

38. E.B. provided a copy of an email she sent to bowrone@aol.com on September 23, 2015 at 10:59 p.m. that stated in pertinent part: “Before we sign anything we would like to meet with you to discuss our money, the company, where our money is invested, and what we actually have. . . Please set a time you can come to our home. We are confused on all of this and have many questions. . . We have asked for a company name and contact information and have received nothing from you after several requests.” E.B. provided a copy of the email response she received from bowrone@aol.com on September 28, 2015 at 1:28:42 a.m. that read in pertinent part: “I will be leaving here tomorrow morning to go to Nashville for cna Home office seminar, will be back the third. Then have client meetings in okc dallas until the 7<sup>th</sup>. A local client meeting the night of the 7<sup>th</sup> then a Friday. Schooling seminar expo on tornadoes in Tulsa. I will set a meeting for Tuesday the 12<sup>th</sup> at your home . . . All policies are no different from what you had previously. Just a different renewal date every year.”

39. E.B. provided a copy of a document attached to an email sent to her on August 19, 2015 from bowrone@aol.com to her email address at XXXX@sbcglobal.net that purported to be a policy written by Agent Samuel Bowron Phillips and managed by Paradigm Financial Partners, with a 1-800 number and the name “Clint L. Martin” appearing by the company name Paradigm Financial Partners. The policy number was CDS006746850, the insured was W.B., and the account value as of July 18, 2015 was \$35,454.02. The issue date was July 18, 2014. The document was on letterhead of “The Equitable.”



40. Based on research conducted by the Arkansas Department of Insurance, I have reason to believe that the document described in paragraph 39 is a fictitious document. I have reason to believe Samuel Bowron Phillips transmitted this bogus document to E.B. in order to lull her and her husband, W.B., into believing that their investments were sound and that their policies were in full force and effect, when in fact, Samuel Bowron Phillips had already taken the money out of the accounts owned by W.B. and E.B. nearly a year prior and without their knowledge.
41. Based on financial records, documents provided by W.B. and E.B., and their interview, I have probable cause to believe Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Count Five of the Criminal Complaint, by causing Equitrust Life Insurance Company to mail an envelope containing check number 10000055301 in the amount of \$30,394.43 and made payable to Paradigm Financial Partners LLC at Post Office Box 23082, Barling, AR 72923, which is within the Western District of Arkansas, Fort Smith Division, in order to execute his scheme to defraud W.B. and E.B.

**Victims L.R.J., L.W.J. and T.S.J.**

42. I reviewed financial records that led to me contacting L.R.J., L.W.J. and T.S.J. on January 19, 2016. L.R.J. and L.W.J. are brothers. L.W.J. is married to T.S.J. Prior to my contact with these three individuals; none knew that their investment accounts handled by Samuel Bowron Phillips had been drained.
43. L.R.J. stated that in approximately 2013, "Bowron" recommended he purchase - and he did purchase - an annuity from North American Life Insurance because North American would offer a bonus. L.R.J. stated that he also had money in an Allianz account, but he



never moved the money in his Allianz account when he purchased an annuity at North American.

44. On January 19, 2016, L.R.J. called Allianz after I had spoken with him. L.R.J. told me he found out that annuity number 70532231 with a value of \$38,065.59 and annuity number 70427509 with a value of \$16,924.92 had been cashed out in April 2015. The surrender value of 70532231 was \$25,375.55 and the surrender value of 70427509 was \$11,984.34. Allianz had made the checks payable to Stevens Financial. Based on the records available to me, I learned those two checks had been mailed by Allianz to Stevens Financial, FBO (for the benefit of) "L.R.J." at Post Office Box 10412, Fort Smith, AR 72917. Both checks were subsequently deposited into Arvest Bank account ending in 7358.

45. L.R.J. stated he never had discussions with "Bowron" about cashing out his annuities at Allianz and purchasing annuities at Stevens Financial. He stated he had never had heard of Stevens Financial and "Bowron" had never told him that Stevens Financial was "Bowron's" company. L.R.J. stated he would not have agreed to cash out of Allianz because it had a huge surrender penalty. L.R.J. stated he never gave permission to "Bowron" or anyone else to cash out his Allianz policies.

46. L.R.J. stated he had trusted "Bowron" and considered him to be his financial adviser.

47. Based on financial records, documents provided by L.R.J. and my interview of him, I have probable cause to believe Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Count Eight of the Criminal Complaint, by causing Allianz to mail an envelope containing check number 0009728817 in the amount of \$25,375.55, made payable to Stevens Financial FBO (for

the benefit of) "L.R.J." to Post Office Box 10412, Fort Smith, AR 72917, which is within the Western District of Arkansas, Fort Smith Division, in order to execute the scheme to defraud L.R.J.

48. I reviewed documents L.W.J. and T.S.J. brought to the United States Attorney's Office on January 20, 2016. L.W.J. told me that in approximately May 2011, he met with "Bowron" to discuss moving annuities from Allianz to North American. According to L.W.J., "Bowron" explained to him that Allianz' benefits had "been used up" and "it was time" to move the annuities to North American. "Bowron" told L.W.J. that North American was one of the "top" insurance companies in the United States. "Bowron" brought documents to L.W.J.'s residence to sign. "Bowron" suggested that T.S.J. also move her annuity from Allianz to North American.

49. L.W.J. stated that he called North American after learning I had spoken to his brother about the brother's policies. L.W.J. stated North American advised him that one annuity had a value of \$43,420.00 and the other had a value of \$37,900.00 and both were cashed out in May 2014. Their surrender values were \$40,344.82 and \$35,000.00 respectively. The checks had been made payable to Stevens Financial. My review of financial records shows these two checks were deposited into Arvest Bank account ending in 7358 in May 2014. T.S.J. stated that she found out from North American that funds from her annuity had been withdrawn in 2014. T.S.J. stated this was done without her knowledge and consent and that \$13,824.56 "had been stolen" from her.

50. Based on financial records, documents provided by L.W.J. and my interview of him on January 20, 2016, I have probable cause to believe Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Count

Six of the Criminal Complaint, by causing North American to mail check number 1600608079 through the United States mail on or about June 10, 2014 in the amount of \$40,344.50 to Stevens Financial, Post Office Box 10412, Fort Smith, AR 72917, which is within the Western District of Arkansas, Fort Smith Division. I have probable cause to believe Samuel Bowron Phillips violated Title 18, United States Code, Sections 1343 and 2, the mail fraud statute, as set forth in Count Four of the Criminal Complaint, by causing North American to mail check number 1600602790 in the amount of \$13,824.56 to Stevens Financial, Post Office Box 10412, Fort Smith, AR 72917, in the Western District of Arkansas, Fort Smith Division.

**Victim R.J.F.**

51. On January 20, 2016, I met with R.J.F. at the United States Attorney's Office in Fort Smith. I found out that R.J.F. had been contacted by L.R.J. on January 19, 2016 regarding my investigation of transactions involving Samuel Bowron Phillips. On January 20, 2016, R.J.F. told me that until L.R.J. called him to tell him about the FBI investigation, he had no knowledge that he was a possible victim of Samuel Bowron Phillips' scheme to defraud his customers.
52. R.J.F. stated that "Bowron" was his financial adviser whom he trusted because "Bowron" was a frequent guest in his home when "Bowron" was "a kid." R.J.F. stated that his son and daughter were near the same age as "Bowron," that the two families lived near each other when R.J.F.'s children and "Bowron" grew up, and the families were friends. R.J.F. stated that "Bowron's" father retired from the insurance business in about 2008 and "Bowron" took over the father's business, which included an annuity the father had sold R.J.F. R.J.F. stated he knew Samuel Bowron Phillips worked from a home office.

53. R.J.F. stated that in approximately 2011, "Bowron" met with R.J.F. to discuss an investment opportunity with North American. "Bowron" told R.J.F. that North American was offering an annuity with a 10 percent bonus for signing up. According to R.J.F., "Bowron" advised R.J.F. to move his annuity from Allianz to North American. "Bowron" did not explain to R.J.F. that there would be a financial penalty for closing the account at Allianz.
54. R.J.F. stated that in approximately 2014, "Bowron" met with him at R.J.F.'s home to discuss an investment opportunity with the Equitable Life Insurance Company. According to R.J.F., "Bowron" told R.J.F. that the Equitable was offering a 20 percent premium bonus for signing up. "Bowron" gave R.J.F. a folder explaining the terms of the investment. According to R.J.F., "Bowron" did not mention that there would be a financial penalty for withdrawing his money from the North American annuity. "Bowron" gave R.J.F. a "sticky note" that stated R.J.F.'s annuity with Equitable would be valued at \$105,101.45, plus the additional 20 percent bonus.
55. On January 19, 2016, after learning about this investigation, R.J.F. contacted North American and found out the money in his North American policy had been released to Stevens Financial on or about May 2, 2014. R.J.F. stated to me that he had never heard of Stevens Financial and he thought he had purchased an annuity with Equitable, not Stevens Financial, when he signed paperwork for "Bowron" in 2014. He stated that he never gave "Bowron" permission or authority to move his money to Stevens Financial, and he certainly never gave "Bowron" permission to withdraw the money for "Bowron's" personal use.

56. Based on financial records, documents provided to me by R.J.F. and my interview of him on January 20, 2016, I have probable cause to believe Samuel Bowron Phillips violated Title 18, United States Code, Sections 1341 and 2, the mail fraud statute, as set forth in Count Three of the Criminal Complaint, by causing North American to mail check number 1600602066 in the amount of \$64,999.99 through the United States mail to Stevens Financial, Post Office Box 10412, Fort Smith, AR 72917, which is within the Western District of Arkansas, Fort Smith Division, in order to execute his scheme to defraud R.J.F.

#### **MONEY LAUNDERING VIOLATIONS**

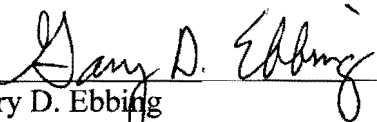
57. I am familiar with Title 18, United States Code, Section 1957 (a) and (d) which in pertinent part, prohibits engaging or attempting to engage in monetary transactions in criminally derived property of a value greater than \$10,000.00 and derived from a specified unlawful activity such as mail and wire fraud. The investigation to date reveals that Samuel Bowron Phillips obtained funds by fraud using the United States postal system and interstate wire communications, in violation of the mail and wire fraud statutes. The money laundering statute includes mail and wire fraud violations as specified unlawful activities. I am familiar with Title 18, United States Code, Section 1957 (a) and (d) because this statute is frequently violated in connection with mail and wire fraud cases that I investigate. In this investigation, I have probable cause to believe that monetary transactions conducted by Samuel Bowron Phillips in the Western District of Arkansas, Fort Smith Division and elsewhere, violate Title 18, United States Code, Section 1957 (a) and (d), as charged in Counts Thirteen, Fourteen and Fifteen of the Criminal Complaint because each transaction exceeds \$10,000.00 and Samuel Bowron

Phillips transferred or deposited amounts exceeding \$10,000.00 into Arvest Bank, a federally insured financial institution whose activities affect interstate commerce, or he transferred funds exceeding \$10,000.00 from Arvest Bank, in and affecting interstate commerce, with funds Samuel Bowron Phillips obtained by conducting the scheme to defraud his customers using the United States Postal system (mail fraud) and interstate wire communications such as emails and facsimiles (wire fraud).

**CONCLUSION**

58. A review of financial records reveals Samuel Bowron Phillips obtained \$1.3 million by defrauding at least 21 customers. According to financial records, Samuel Bowron Phillips spent the majority of that \$1.3 million at casinos.

59. Based on the foregoing, I respectfully request approval of a 15-count Complaint and the issuance of a warrant for the arrest of Samuel Bowron Phillips for violating Title 18, United States Code, Sections 1341 and 2; Title 18, United States Code, Sections 1343 and 2; and Title 18, United States Code, Section 1957 (a) and (d).

  
\_\_\_\_\_  
Gary D. Ebbing  
Special Agent  
Federal Bureau of Investigation  
Fayetteville, Arkansas

Subscribed and sworn to before me this 17 day of February, 2016.

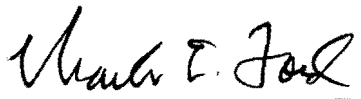
  
\_\_\_\_\_  
Mark E. Ford  
U.S. Magistrate Judge

EXHIBIT A

BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS

ARKANSAS INSURANCE DEPARTMENT, )  
PETITIONER )

VS. )

SAMUEL BOWRON PHILLIPS )  
RESPONDENT )  
NPN 7472368 )

A.I.D. NO. 2015- 002

---

EMERGENCY SUSPENSION ORDER

---

On this day, the matter of Samuel Phillips ("Respondent") came before Allen Kerr, Arkansas Insurance Commissioner ("Commissioner"). The Arkansas Insurance Department ("Department") is represented by Gray Allen Turner, Associate Counsel, in this matter. From the facts and law before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. Respondent holds an Arkansas Resident Producer License, National Producer Number 7472368. Respondent resides in Ft. Smith, Arkansas.
2. Mr. Phillips, while acting as a producer, has misappropriated funds from several consumers. In 2014, Mr. Phillips moved approximately \$214,599.00 of the Brodie's annuity money from four Equitrusts account to Paradigm Financial Partners, LLC, of Barling, Arkansas. Since the money was placed in a new account, Mr. Phillips has failed to respond to the Brodies and they were never provided with copies of new policies.

3. Mr. Phillips failed to appear at an investigative conference, failed to return phone calls from investigators, and has not responded to the Arkansas Insurance Department.

4. Mr. Phillips failed to provide Arkansas Insurance Department with a copy of requested files.

5. The public health, safety, and welfare imperatively require emergency action.

#### CONCLUSIONS OF LAW

From the Findings of Fact contained herein, the Commissioner concludes as follows:

1. The Commissioner has jurisdiction over the parties and the subject matter pursuant to Ark. Code Ann. § 23-61-103.

2. The Commissioner has the authority to issue an emergency license suspension pursuant to Ark. Code Ann. §§ 23-64-216(e) and 25-15-211(c).

3. An administrative hearing will be held promptly, as required by Ark. Code Ann. § 23-64-216(e)(2). A Notice of Hearing is being served herewith.


4. The Commissioner and the Department reserve the right to amend the allegations, findings and conclusions set forth herein and further reserve the right to present additional allegations and evidence in any subsequent order or administrative hearing.

IT IS THEREFORE ORDERED:



In consideration of the Commissioner's Findings of Fact and Conclusions of Law, the Respondent's Arkansas Resident Producer License, National Producer Number 7472368, is hereby immediately suspended.

IT IS SO ORDERED this 7<sup>th</sup> day of December, 2015.

  
\_\_\_\_\_  
ALLEN KERR  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS